



House of Representatives

General Assembly

File No. 649

January Session, 2011

Substitute House Bill No. 6267

House of Representatives, April 28, 2011

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SALE OF WINE WITH GIFT BASKETS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2011*) (a) A gift basket retailer
2 permit shall allow the retail sale of wine included in a gift basket sold
3 at retail by the permit holder. Such wine shall not be consumed on the
4 premises. Such permit holder shall be located in this state and such
5 wine shall only be purchased by such permit holder from the holder of
6 a package store permit issued pursuant to section 30-20 of the general
7 statutes or the holder of a manufacturer permit for a farm winery
8 issued pursuant to subsection (e) of section 30-16 of the general
9 statutes.
- 10 (b) The holder of a gift basket retailer permit may sell gift baskets
11 which may include (1) wine, (2) food items, (3) nonalcoholic beverages,
12 (4) concentrates used in the preparation of mixed alcoholic beverages,
13 (5) wine-making kits and products related to wine-making kits, (6) ice
14 in any form, (7) articles of clothing imprinted with advertising related

15 to the alcoholic liquor industry, or (8) flowers, plants and garden-
16 related items. The sale of such gift baskets shall only take place during
17 the times permitted for the sale of alcoholic liquor in places operating
18 under package store permits pursuant to section 30-91 of the general
19 statutes.

20 (c) The annual fee for a gift basket retailer permit shall be two
21 hundred dollars.

22 Sec. 2. (NEW) (*Effective October 1, 2011*) (a) A gift basket retailer
23 permit issued in accordance with section 1 of this act shall allow the
24 sale and delivery or shipment of gift baskets containing wine directly
25 to a consumer in this state, subject to the provisions of section 1 of this
26 act and of this section, or to a consumer outside of this state, subject to
27 all applicable laws of the jurisdiction in which such consumer outside
28 of this state is located. Such permittee, when selling and shipping gift
29 baskets containing wine directly to a consumer in this state, shall: (1)
30 Ensure that the shipping labels on all gift baskets containing wine
31 shipped directly to a consumer in this state conspicuously state the
32 following: "CONTAINS ALCOHOL—SIGNATURE OF A PERSON
33 AGE 21 OR OLDER REQUIRED FOR DELIVERY"; (2) obtain the
34 signature of a person age twenty-one or older at the address prior to
35 delivery, after requiring the signer to demonstrate that he or she is age
36 twenty-one or older by providing a valid motor vehicle operator's
37 license or a valid identity card described in section 1-1h of the general
38 statutes; (3) obtain a seller's permit pursuant to chapter 219 of the
39 general statutes, and pay to the Department of Revenue Services all
40 sales taxes as required under said chapter 219 on sales of gift baskets;
41 (4) report to the Department of Consumer Protection a separate and
42 complete record of all sales and shipments to consumers in the state,
43 on a ledger sheet or similar form which readily presents a
44 chronological account of such permittee's dealings with each such
45 consumer; (5) permit the Department of Consumer Protection and
46 Department of Revenue Services, separately or jointly, to perform an
47 audit of the permittee's records upon request; and (6) not ship to any
48 address in the state where the sale of alcoholic liquor is prohibited by

49 local option pursuant to section 30-9 of the general statutes.

50 (b) A holder of a gift basket retailer permit, when advertising or
51 offering wine for direct shipment to a consumer in this or another state
52 via the Internet or any other on-line computer network, shall clearly
53 and conspicuously state its gift basket retailer permit number in its
54 advertising.

55 (c) The Department of Consumer Protection, in consultation with
56 the Department of Revenue Services, may adopt regulations, in
57 accordance with the provisions of chapter 54 of the general statutes, to
58 assure compliance with the provisions of subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011</i>	New section

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Consumer Protection, Dept.	GF - Cost	less than 200,000	less than 200,000
Consumer Protection, Dept.	GF - Revenue Gain	less than 200,000	less than 200,000
Department of Revenue Services	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost of less than \$200,000 in FY 12 and FY 13 to the Department of Consumer Protection (DCP) and an associated revenue gain by creating a new gift basket retailer permit which allows the retail sale and shipment of wine gift baskets. The cost would be due to the necessary permitting process, investigations, remonstrances and enforcement required of any liquor retail permit. The DCP may require additional staff in the event there is strong demand by businesses to offer wine in gift baskets. The DCP currently expends approximately \$2.5 million per year (including fringe benefits) in these aforementioned areas for approximately 7,000 existing licenses. This amounts to \$363 per permit. The bill provides for a \$200 permit fee and allows the DCP to charge for administrative costs.

Additionally this bill would result in a revenue gain from the sales and use tax associated with the sale of wine in gift baskets. The revenue gain would depend on the number of gift basket retailers and the volume of sales generated by the product line. Each additional bottle sold as part of a gift basket would generate an estimated \$2.10 in sales tax revenue. The number of additional bottles to be sold under

the bill is unknown.

For illustrative purposes, every 100 businesses which obtain a permit and gain a profit of \$200 from the sale of wine gift baskets to pay for the cost of the permit, a revenue gain of \$1,200 would result.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6267*****AN ACT CONCERNING THE SALE OF WINE WITH GIFT BASKETS.*****SUMMARY:**

This bill establishes a gift basket retailer permit with an annual \$200 permit fee, which allows the retail sale and shipment of wine in gift baskets to both in-state and out-of-state consumers. It requires the permittee to take certain steps when selling these baskets to in-state consumers.

The bill allows the Department of Consumer Protection (DCP), in consultation with the Department of Revenue Services (DRS), to adopt regulations to assure compliance with the bill.

It requires a permittee to clearly put his or her liquor permit number on all online advertising to ship wine.

EFFECTIVE DATE: October 1, 2011

GIFT BASKET RETAILER PERMIT

Under the bill, the gift basket retailer permit allows wine to be sold at retail as part of a gift basket. The permittee must be located in-state and the wine (1) must be purchased from a package store or farm winery, (2) cannot be consumed on the premises, and (3) can only be sold during the same hours a package store is allowed to sell alcohol.

The permittee may sell gift baskets that include (1) wine; (2) food items; (3) nonalcoholic beverages; (4) concentrates used to make mixed alcoholic beverages; (5) wine-making kits and related products; (6) ice; (7) clothing with advertising related to the alcoholic liquor industry; or (8) flowers, plants, and garden-related items.

DIRECT SHIPMENT

A gift basket retailer permit allows the sale and delivery or shipment of wine directly to a consumer. If a consumer is from out-of-state, the permittee is subject to all applicable laws of that state. If the consumer is in Connecticut, the permittee must:

1. ensure the shipping labels on wine containers conspicuously state: "CONTAINS ALCOHOL—SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";
2. have someone who is at least age 21, as shown on a driver's license or identity card, sign for the delivery;
3. obtain a seller's permit and pay DRS all required sales taxes;
4. report to DCP a separate and complete record of all sales and shipments to consumers in this state on a ledger or similar document that presents a chronological account of the transactions;
5. permit DCP and DRS, separately or jointly, to audit his or her records upon request; and
6. not ship to any address in the state where the sale of alcoholic liquor is prohibited by local option.

BACKGROUND

Legislative History

The House referred the bill (File 23) to the Finance, Revenue and Bonding Committee, which reported a substitute that (1) eliminates the administrative cost added to the permit, (2) allows permittees to purchase wine from farm wineries, (3) amends the delivery requirements, and (4) eliminates a retailer tax classification provision.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 15 Nay 1 (02/15/2011)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 49 Nay 0 (04/18/2011)